

STATEMENT OF
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BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM

TESTIMONY ON
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
THRIFT SAVINGS PLAN

July 24, 2003

Mr. Chairman and members of the Subcommittee, thank you for inviting me to focus today on the National Finance Center's (NFC) role in serving the interests of the participants in the Thrift Savings Plan.

As context, the National Finance Center is a valuable, successful strategic asset of the Federal government that is part of the Department of Agriculture (USDA). The National Finance Center is an operations center whose lines of business aggregate to \$180 million of service revenue and approximately 1,600 people.

There are three lines of business of the National Finance Center. First, the Controller Operations Division of the National Finance Center performs accounting operations for the Department of Agriculture. Second, the NFC processes payroll for over 500,000 Federal employees. Third, the NFC performs work using systems supplied by the Federal Retirement Thrift Investment Board to process record-keeping transactions for participants in the Thrift Savings Plan.

Specifically, the work we perform in our role of supporting the Board consists of entering data from participant transactions received by mail, processing participant fund allocations, inter-fund transfers, loan agreements and disbursements, processing withdrawals and payments to and from participants, and providing telephone customer service to participants.

The Thrift Savings Plan is a highly automated process. The work performed by the customer service representatives at the National Finance Center is dependent upon having a stable, reliable, available computer system designed, developed and implemented by the Thrift Investment Board and its contractors.

There are three primary elements on which the Thrift Investment Board worked with NFC prior to the launch of the new record-keeping system. One, training was conducted on the use of new system capabilities. Second, historical data on participant records were prepared for use in the new system, and third, computer hardware

requirements for the new system were provided and implemented.

For several weeks after the Board launched its new system on June 16, 2003, limited system functionality of the web access, and the component of the system used by customer service representatives, and transaction processing elements limited the ability of the staff of the National Finance Center to perform the work I have described.

The central issue of today's hearing is what actions are being taken by the Thrift Investment Board to provide service to their customer base of participants.

In response, the NFC has adapted to the new system by working with the Board's executives to take specific actions, including expanding the length of data entry work shifts, augmenting the workforce with additional people in data entry and telephone service, extending customer service hours, and notifying the Board and its contractors of corrective items required. These actions are focused on reducing the backlog of work, addressing participant informational needs, and doing whatever possible to assist the Board in stabilizing the new system.

I assure you Mr. Chairman, members of the Committee, and all participants that the staff of the National Finance Center is fully dedicated to working closely with the Board to restore service as the National Finance Center has done for the prior 18 years.

I appreciate the opportunity to participate today representing the National Finance Center in addressing the interests of all participants.

I look forward to addressing any other items of particular interest of the Committee.